

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 DRC-01 /179 W

----- 005128

R 011507Z NOV 73

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0426

USDOC WASHDC

INFO AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

UNCLAS BUDAPEST 3613

E.O. 11652: N/A

TAGS: ETRD, HU

SUBJECT: HUNGARIAN REACTION TO POSTPONEMENT OF ADMINISTRATION EFFORTS TO SEEK MFN

1. BEGIN SUMMARY. HUNGARIAN PRESS REACTION TO DECISION TO POSTPONE MFN HAS BEEN PROMPT AND SURPRISINGLY SYMPATHETIC. THE INFLUENTIAL ECONOMIC DAILY VILAGGAZDASAG GAVE PROMINENT FRONT PAGE COVERAGE BOTH YESTERDAY AND TODAY TO OUR ANNOUNCED DECISION TO POSTPONE EFFORTS TO SEEK MFN FOR THE SOVIET UNION. THE PAPER INTERPRETS THIS ACTION AS A NECESSARY TACTICAL DELAY AND EMPHASIZED THAT ALTHOUGH TAKING THIS STEP THE ADMINISTRATION HAS MADE IT CLEAR THAT IT DOES NOT INTEND TO ABANDON ITS EFFORTS TO OBTAIN MFN. THERE WAS NO CRITICISM OF STEP OR OF US TRADE POLICY. END SUMMARY.

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2. IN LEAD ARTICLE NOVEMBER 1 ON ROLE OF EAST-WEST

TRADE IN US ECONOMY, VILGAGAZDASAG SPEAKS OF ADMINISTRATION'S DECISION NOT TO SEEK MFN FOR USSR AT THIS TIME AS TACTICAL RETREAT BY PRESIDENT TO PREVENT ANTI-SOVIET FORCES IN US CONGRESS FROM USING MFN ISSUE TO FRUSTRATE AMERICAN-SOVIET COOPERATION. THE ADMINISTRATION, WHEN ASKING THAT THIS ITEM BE TAKEN OFF THE CONGRESSIONAL CALENDAR, EMPHASIZED THAT "IT FELT ITSELF BOUND AS BEFORE TO BRING ABOUT THE ELIMINATION OF COMMERCIAL DISCRIMINATION AGAINST THE SOVIET UNION" AND WOULD CONTINUE ITS EFFORTS IN PURSUIT OF THIS GOAL. HOWEVER, PRESENT DISCUSSIONS ON THE MATTER WOULD NOT BE CONSTRUCTIVE DUE TO PRESENT DELICATE DIPLOMATIC SITUATION REGARDING THE ESTABLISHMENT OF A MIDDLE EAST PEACE.

3. NEVERTHELESS, WHILE MFN MAY BE STALLED FOR THE MOMENT, VILGAGAZDASAG MAKES CLEAR TO ITS READERS THAT AMERICAN TRADE WITH COMMUNIST COUNTRIES IS A PRESENT REALITY EMPHASIZING THE FACT THAT SUCH TRADE WILL REACH THE \$3 - \$3.5 BILLION LEVEL THIS YEAR, ALMOST A TRIPLING OF LAST YEAR'FIGURES. THE ESTIMATED \$2 BILLION TRADE SURPLUS WHICH THE US WILL ENJOY THIS YEAR IN ITS TRADE WITH THE COMMUNIST WORLD IS CREDITED WITH HAVING PLAYED A SIGNIFICANT ROLE IN THE US BALANCE OF TRADE IMPROEMENT AND IN THE POSITIVE PERFORMANCE OF THE DOLLAR ON WORLD MONEY MARKETS.
PEDERSEN

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